

## Message Text

LIMITED OFFICIAL USE POSS DUPE

PAGE 01 DUSSEL 01605 171228Z

44

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 INT-05 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 DODE-00 PM-04 H-02 L-03 PA-01 PRS-01

/096 W

----- 069217

R 171030Z DEC 75

FM AMCONSUL DUSSELDORF

TO SECSTATE WASHDC 2784

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSX COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE DUSSELDORF 1605

E. O. 11652: N/A

TAGS: EIND, ETRD, EEC GW

SUBJ: ATTITUDE OF GERMAN STEEL INDUSTRY TOWARDS EC MINIMUM  
PRICE PROPOSAL

REF: STATE 290751, EC BRUSSELS 11109, 11173

1. WE HAVE DISCUSSED GERMAN STEEL MARKET TRENDS WITH OFFICIALS  
OF THE GERMAN IRON AND STEEL ASSOCIATION AND WITH TOP REPRESENTATIVES  
OF GERMAN STEEL FIRMS. THEY WERE IN GENERAL AGREEMENT THAT THERE ARE  
GROWING INDICATIONS OF A MODEST RECOVERY OF THE STEEL MARKET. NEW  
ORDERS BOOKED BY GERMAN STEEL MILLS IN LIMITED OFFICIAL USE  
LIMITED OFFICIAL USE

PAGE 02 DUSSEL 01605 171228Z

OCTOBER WERE UP 13 PERCENT OVER SEPTEMBER (18 PERCENT IN THE ENTIRE EC)  
AND ARE NOW CLOSE TO THE LEVEL OF A YEAR AGO. (ORDERS

FOR THE FIRST NINE MONTHS OF 1975 WERE DOWN 30 PERCENT IN FRG FROM THE SAME PERIOD OF 1974.) STEEL PRODUCERS AND DEALERS REPORT A FIRMING OF STEEL SELLING PRICES ALTHOUGH THEY REMAIN WELL BELOW THE LEVEL OF A YEAR AGO. THYSSEN HANDELS-UNION, LARGEST STEEL DEALER IN THE FRG, NOTED A 10 PERCENT PRICE INCREASE IN RECENT WEEKS AND EXPECTS A FURTHER RISE EARLY IN 1976. OTHER DEALERS AND INDUSTRY FIGURES PREDICT COMPARABLE PRICE INCREASES FOR THE SPRING AND SUMMER OF 1976.

2. FIRMER PRICES HAVE BEEN ASCRIBED TO SUCCESS OF EC PRODUCTION GUIDELINES WHICH HAVE REDUCED STEEL SURPLUS ON GERMAN MARKET. HOWEVER, IT HAS ALSO BEEN SUGGESTED THAT UPTURN IN ORDERS AND RESULTING PRICE STABILIZATION MAY REFLECT ADVANCE BUYING AS HEDGE AGAINST POSSIBILITY OF EC DECISION TO ESTABLISH FLOOR PRICES AT LEVELS ABOVE CURRENT MARKET.

3. FRG RAW STEEL PRODUCTION RATE HAS NOT YET INCREASED AND IS NOT LIKELY TO DO SO UNTIL AFTER THE YEAR-END HOLIDAY PERIOD. TOTAL 1975 OUTPUT IS EXPECTED TO REACH 40 - 41 MILLION TONS, ABOUT 23 PERCENT BELOW 1974. EXPERTS ANTICIPATE A TEN PERCENT INCREASE IN 1976 OVER 1975.

4. GERMAN STEEL INDUSTRY EXECUTIVES HAVE STRONGLY OPPOSED EC IMPOSITION OF FLOOR PRICES. ALTHOUGH MOST IF NOT ALL COMPANIES ARE OPERATING AT A LOSS IN BASIC STEEL PRODUCTION, THEY ARE SUFFICIENTLY DIVERSIFIED TO COVER LOSSES THROUGH OPERATION IN OTHER SECTORS OR HAVE ADEQUATE RESERVES TO SEE THEM THROUGH. THEY HAVE EXPRESSED THE VIEW THAT WORST OF RECESSION IS OVER AND THAT EC ACTION AT THIS TIME (1) COMES TOO LATE AND (2) COULD RESULT IN RETALIATORY ACTION AND PRECIPITATE WAVE OF PROTECTIONISM WHICH WOULD BE DETRIMENTAL TO FRG AND COULD IMPEDE INCIPIENT RECOVERY. THEY ALSO DOUBT EC COMMISSION ABILITY TO EFFECTIVELY CONTROL ACTUAL PRICES IF EXPECTED DEMAND UPSWING DID NOT MATERIALIZE. DUX

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INDUSTRIAL PRODUCTION, POLICIES, PRICE INDEXES, STEELS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 DEC 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975DUSSEL01605  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750438-0793  
**From:** DUSSELDORF  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751232/aaaabcjp.tel  
**Line Count:** 95  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 290751, 75 EC BRUSSELS 11109  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 APR 2003 by MartinML>; APPROVED <25 AUG 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ATTITUDE OF GERMAN STEEL INDUSTRY TOWARDS EC MINIMUM PRICE PROPOSAL  
**TAGS:** EIND, ETRD, GE, EEC  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006